

# STATE OF ALASKA

DEPARTMENT OF COMMERCE  
COMMUNITY AND ECONOMIC DEVELOPMENT  
REGULATORY COMMISSION OF ALASKA

**FRANK H. MURKOWSKI, GOVERNOR**

701 WEST EIGHTH AVENUE, SUITE 300  
ANCHORAGE, ALASKA 99501-3469  
PHONE: (907) 276-6222  
FAX: (907) 276-0160  
TTY: (907) 276-4533  
WEBSITE: [www.state.ak.us/rca/](http://www.state.ak.us/rca/)

March 20, 2006

Marlene H. Dortch  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Washington, D.C. 20554

Karen Majcher  
Vice President – High Cost  
& Low Income Division  
Universal Service Administrative Company  
2000 L Street, N.W.  
Suite 200  
Washington, D.C. 20036

**Re: CC Docket No. 96-45  
Universal Service Support Certification (47 C.F.R. §§ 54.313-54.314)**

Ms. Dortch and Ms. Majcher:

This letter is submitted pursuant to 47 C.F.R. §§ 54.313 and 54.314, which require States to annually certify the use of federal universal service support as a prerequisite for continued receipt of funding by eligible telecommunications carriers ("ETC"). The Regulatory Commission of Alaska ("RCA") governs local services and rates in Alaska and is the appropriate authority to issue the certification required under Sections 54.313 and 54.314.

By Order dated January 25, 2006, the RCA designated Dobson Cellular Systems, Inc. ("Dobson") as an ETC in certain areas in the State of Alaska pursuant to 47 U.S.C. § 214(e)(2). The RCA's Order designating Dobson as an ETC is enclosed herewith as **Exhibit A**. Although Dobson is a non-regulated wireless carrier, the RCA has directed Dobson to file annual certifications with it concerning the Company's use of universal service support. The RCA will regularly review Dobson's responses in this area.

This letter serves as a supplement to the RCA's 2006 annual certification to the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC") dated September 19, 2005. Dobson was designated as an ETC on January 25, 2006 – after the certification deadlines set forth in 47 C.F.R. §§ 54.313(d) and 54.314(d) to allow the Company to receive high-cost universal service support beginning in the first quarter of the 2006 calendar year.



Pursuant to new FCC Rules 54.313(d)(3)(vi) and 54.314(d)(6), the RCA must certify Dobson's use of support to the FCC and USAC within sixty (60) days of the Company's ETC designation to ensure that Dobson is eligible to receive high-cost universal service support commencing the date of its ETC designation.

Dobson has certified to the RCA that all federal high-cost universal service support received by the Company in Alaska will be used pursuant to 47 U.S.C. § 254(e). Accordingly, the RCA declares that, to the best of its knowledge and belief, all federal high-cost support to be received by Dobson in the State of Alaska in calendar year 2006 will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with Section 254(e) of the Communications Act. Accordingly, the RCA certifies Dobson's use of support in the State of Alaska for the 2006 calendar year so that the Company may receive high-cost federal universal service support effective the date of its designation – January 25, 2006.

REGULATORY COMMISSION OF ALASKA

  
\_\_\_\_\_  
Kate Giard  
Chairman

**EXHIBIT A**

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Kate Giard, Chairman  
Dave Harbour  
Mark K. Johnson  
Anthony A. Price  
James S. Strandberg

In the Matter of the Application of DOBSON )  
CELLULAR SYSTEMS, INC for Designation as )  
a Carrier Eligible to Receive Federal Universal )  
Service Support under the Telecommunications )  
Act of 1996 )

U-05-41

ORDER NO. 1

**ORDER AFFIRMING ELECTRONIC RULING, APPROVING  
APPLICATION FOR ELIGIBLE TELECOMMUNICATIONS  
CARRIER STATUS AND REQUIRING FILINGS**

BY THE COMMISSION:

Summary

We approve the Application<sup>1</sup> filed by Dobson<sup>2</sup> for status as an eligible telecommunications carrier (ETC) for purposes of receiving federal and state universal service funding throughout the areas served by ACS-AK/GL,<sup>3</sup> ACS-AK/J,<sup>4</sup> ACS-AN,<sup>5</sup>

<sup>1</sup>Verified Application of Dobson Cellular Systems, Inc. for Designation as an Eligible Telecommunications Carrier, filed May 9, 2005 (Application).

<sup>2</sup>Dobson Cellular Systems, Inc. (Dobson).

<sup>3</sup>ACS of Alaska, Inc. d/b/a Alaska Communications Systems, ACS Local Service, and ACS for its Greatland study area (ACS-AK/GL).

<sup>4</sup>ACS of Alaska, Inc. d/b/a Alaska Communications Systems, ACS Local Service, and ACS for its Juneau study area (ACS-AK/GL).

<sup>5</sup>ACS of Anchorage, Inc. d/b/a Alaska Communications Systems, ACS Local Service, and ACS (ACS-AN).

1 ACS-F,<sup>6</sup> ACS-N/GS,<sup>7</sup> ATC,<sup>8</sup> CVTC,<sup>9</sup> City of Ketchikan,<sup>10</sup> and MTA.<sup>11</sup> We require  
2 Dobson to file an affidavit certifying that it will advertise its services under the minimum  
3 criteria set out in this order. We require Dobson to file information annually describing  
4 its use of universal service funds (USF). We also require Dobson to report to us any  
5 instance in which it does not provide service to a customer in its service area upon  
6 reasonable request. We affirm our electronic ruling issued on July 5, 2005.

7 Background

8 Dobson submitted an Application for designation as an ETC for purposes  
9 of receiving all available support from federal universal service funding in the areas  
10 served by ACS-AN<sup>12</sup> and the rural areas served by ACS-AK/GL, ACS-AK/J, ACS-F,  
11 ACS-N/GS, ATC, CVTC, City of Ketchikan, and MTA. Dobson filed additional  
12 information to support its Application.<sup>13</sup>

13  
14 <sup>6</sup>ACS of Fairbanks, Inc. d/b/a Alaska Communications Systems, ACS Local  
Service, and ACS (ACS-F).

15 <sup>7</sup>ACS of the Northland, Inc. d/b/a Alaska Communications Systems, ACS Local  
16 Service, and ACS for its Glacier State study area (ACS-N/GS).

17 <sup>8</sup>Alaska Telephone Company (ATC).

18 <sup>9</sup>Copper Valley Telephone Cooperative, Inc. (CVTC).

19 <sup>10</sup>Dobson asked to be designated as an eligible telecommunications carrier  
20 throughout the area served by KPU Telecommunications (KPU). As the City of  
Ketchikan (Ketchikan) holds Certificate of Public Convenience and Necessity No. 104  
and provides local exchange service in Ketchikan, we use City of Ketchikan in this  
proceeding.

21 <sup>11</sup>Matanuska Telephone Association, Inc. (MTA).

22 <sup>12</sup>ACS-AN is a non-rural incumbent local exchange carrier (ILEC) operating in  
23 and around Anchorage, Alaska.

24 <sup>13</sup>See Letter Order L0500268, dated May 23, 2005, and Letter from Ashburn and  
Mason, filed June 1, 2005. See also Letter Order L0500570, dated September 28,  
25 2005, *Supplemental Information and Clarification Requested by RCA Staff*  
(Supplemental Information), filed October 13, 2005.

1 We noticed Dobson's application on June 6, 2005, with a comment filing  
2 deadline of July 6, 2005. CVTC requested that the deadline for comments be extended  
3 one week.<sup>14</sup> We issued an electronic ruling extending the deadline to July 13, 2005, for  
4 interested persons to file comments,<sup>15</sup> and a notice to the public regarding the  
5 extension of the comment period.

6 Comments in support of Dobson's Application were received from two  
7 consumers, one in Tok and one in Seward, on July 5 and July 7, 2005, respectively.  
8 Comments in opposition to Dobson's Application were received from ATC on July 7,  
9 2005, and from CVTC and City of Ketchikan on July 13, 2005. ATC, City of Ketchikan,  
10 and CVTC asserted, among other things, that Dobson's Application does not satisfy the  
11 requirements imposed by the Federal Communications Commission (FCC) on ETC  
12 applicants<sup>16</sup> and that Dobson failed to prove that its ETC designation is in the public  
13 interest. Further, CVTC contended that Dobson's Application raises potential  
14 creamskimming issues.<sup>17</sup>

#### 15 Discussion

16 ETCs are eligible to receive universal service support to provide, maintain,  
17 and upgrade facilities and services for which the support was intended, namely the  
18 telecommunications services and functions defined by federal regulation at  
19

20  
21 <sup>14</sup>*Unopposed Motion for Extension of Time for CVTC to File Comments; and*  
22 *Unopposed Motion for Expedited Consideration*, filed July 5, 2005.

23 <sup>15</sup>We electronically notified the parties of our decision on July 5, 2005.

24 <sup>16</sup>The incumbents referred to the FCC Order released on March 17, 2005. See  
25 *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Report and*  
26 *Order*, FCC 05-46, rel. March 17, 2005 (FCC Order).

<sup>17</sup>*CVTC Comments in Response to Dobson's Application for Designation as an*  
*Eligible Telecommunications Carrier*, at 26-31.

1 47 C.F.R. § 54.101.<sup>18</sup> Under the Telecommunications Act of 1996 (the Act),<sup>19</sup> state  
2 commissions decide whether requests for ETC designation should be granted.<sup>20</sup> Under  
3 federal law, an ETC must provide the supported universal telecommunications service  
4 throughout a defined service area.<sup>21</sup> In addition, the applicant must meet the following  
5 criteria for ETC status: (a) demonstrate that it owns at least some facilities;  
6 (b) demonstrate its capability and commitment to provide the nine basic services  
7 required by FCC regulation;<sup>22</sup> (c) reasonably show that granting ETC designation is in  
8 the public interest; and (d) show that upon obtaining ETC status, the applicant will be  
9 able to offer and will advertise the availability of the services supported by the federal  
10 USF.<sup>23</sup>

11  
12 <sup>18</sup>See also 47 U.S.C. § 254(e).

13 <sup>19</sup>Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996),  
14 amending the Communications Act of 1934, 47 U.S.C. §§ 151 *et seq.*

15 <sup>20</sup>47 U.S.C. § 214(e)(2); 47 C.F.R. § 54.201.

16 <sup>21</sup>47 C.F.R. § 54.201(d).

17 <sup>22</sup>The nine basic services are set out at 47 C.F.R. § 54.101.

18 <sup>23</sup>47 U.S.C. § 214(e)(1) and (2) of the Act provides:

19 (1) A common carrier designated as an eligible telecommunications carrier  
20 under paragraph (2), (3), or (6) shall be eligible to receive universal  
21 service support in accordance with section 254 of this title and shall,  
22 throughout the service area for which the designation is received –

23 (A) offer the services that are supported by Federal universal  
24 service support mechanisms under section 254(c) of this title,  
25 either using its own facilities or a combination of its own facilities  
26 and resale of another carrier's services (including the services  
offered by another eligible telecommunications carrier); and

(B) advertise the availability of such services and the charges  
therefore using media of general distribution.

(2) [B]efore designating an additional eligible telecommunications carrier  
for an area served by a rural telephone company, the State commission  
shall find that the designation is in the public interest.

Ownership of Facilities

Dobson stated that it has cellular facilities in each of its proposed new service areas and will provide service using its own facilities or its own facilities in combination with resale of services of another carrier. Dobson provided locations and status of its currently operational cell sites.<sup>24</sup> Dobson holds licenses to provide cellular service and personal communications service (PCS) in the Alaska Basic Trading Areas BTA136 and BTA221 that cover its proposed service areas.<sup>25</sup>

Dobson provided maps of its current coverage area in relation to its proposed ETC service areas. Although Dobson's current facilities do not cover the entire ACS-AN, ACS-AK/GL, ACS-AK/J, ACS-F, ACS-N/GS, ATC, CVTC, City of Ketchikan, and MTA service areas, Dobson stated that with access to federal USF, it could develop its network in these areas. While Dobson does not hold facilities in all portions of its proposed service areas, there is still an adequate record for us to conclude that Dobson meets the "ownership of facilities" test.

Although section 214(e)(1) of the Act requires an ETC to "offer" the services supported by the federal universal service support mechanisms, a competitive carrier is not required to provide the supported services throughout the designated service area before designation as an ETC.<sup>26</sup> We find that Dobson's lack of facilities throughout the proposed ETC service areas at this time does not, in and of itself, make Dobson ineligible for ETC status.

---

<sup>24</sup>Application, Ex. 4.

<sup>25</sup>Dobson's PCS licenses are WPTK620, and WPTK626. Dobson's Cellular Licenses include KNKA536, KNKN407, KNKQ316, and KNKQ402. Dobson provides service under the brand name CellularOne®. Application at 3.

<sup>26</sup>*Federal-State Joint Board on Universal Service; Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission, Declaratory Ruling, CC Docket No. 96-45, 15 FCC Rcd 15168, 15172-73 (2000).*



1 Capability and Commitment

2 Dobson must provide enough information to demonstrate its ability to  
3 provide each of the nine basic services designated by the FCC, including Lifeline and  
4 Link Up services<sup>27</sup> or obtain a waiver.<sup>28</sup> In its Application, Dobson stated that it currently  
5 offers all nine basic services to its customers and it commits to providing all nine  
6 services throughout its proposed service areas, including Lifeline and Link Up services,  
7 upon receiving universal service funds.<sup>29</sup>

8 Dobson certified that it currently provides voice grade access to the public  
9 switched network through interconnection arrangements with local telephone  
10 companies, offers different rate plans which offer "local usage,"<sup>30</sup> provides both  
11 out-of-band and in-band multi-frequency signaling, the functional equivalent of dual tone  
12 multi-frequency signaling, single party service, access to emergency services,<sup>31</sup> access  
13  
14

15 <sup>27</sup>Lifeline and Link Up services are services offered by ETCs to qualifying  
16 low-income customers. Link Up is described at 47 C.F.R. § 54.411(a), and Lifeline is  
described at 47 C.F.R. § 54.401(a).

17 <sup>28</sup>The FCC allows a state commission to grant waiver of the requirement to  
18 provide single-party access to Enhanced 911 (E911) and toll limitation services to allow  
19 additional time for a carrier to complete network upgrades necessary to provide service.  
47 C.F.R. § 54.101(c).

20 <sup>29</sup>Application at 6-8 and at 24-27.

21 <sup>30</sup>Although the FCC has not set a minimum local usage requirement, Dobson  
certifies that it will comply with the minimum local usage requirements adopted by the  
FCC.

22 <sup>31</sup>Access to emergency services includes access to services, such as 911 and  
23 E911, provided by local governments or other public safety organizations.  
47 C.F.R. § 54.101(a)(5). 911 is a service that permits a telecommunications user, by  
24 dialing the three-digit code "9-1-1," to call emergency services through a Public Service  
25 Answering Point (PSAP) operated by the local government. "E911" is a 911 service that  
includes the ability to provide automatic number identification (ANI) and automatic  
26 location information.

1 to operator services, access to interexchange services, access to directory services;  
2 and can readily implement toll-limitation for qualifying low-income customers.

3 Dobson filed a summary of its service offerings which provides minutes of  
4 use and prices of basic local plans.<sup>32</sup> In addition, Dobson stated that more information  
5 regarding its services may be found at its website at [www.celloneusa.com](http://www.celloneusa.com). Further,  
6 Dobson stated that it has entered into interconnection agreements with several  
7 incumbent carriers in Alaska, including ACS-AN, ACS-F, MTA, and Interior Telephone  
8 Company, Inc.<sup>33</sup>

9 Although Dobson may be currently providing the nine basic services to its  
10 existing customer base, the question of whether Dobson would be capable of providing  
11 the services to all customers reasonably requesting service within its proposed service  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

24 <sup>32</sup>Supplemental Information, *Supplemental Exhibit 7*.

25 <sup>33</sup>Application, fn. 2.  
26

1 areas remains. To address this issue, Dobson committed to adopt the seven-step  
2 approach we approved for Ak DigiTel to meet its ETC obligations to offer services,<sup>34</sup>

3  
4 <sup>34</sup>Alaska DigiTel, LLC (Ak DigiTel) described a seven-step plan for serving  
customers:

5 a) if Ak DigiTel can serve within its existing network, Ak DigiTel will  
6 immediately serve the customer;

7 b) if the customer is not in an area where Ak DigiTel currently provides  
service, Ak DigiTel will:

8 Step 1: determine whether the customer's equipment can be  
9 modified or replaced to provide acceptable service;

10 Step 2: determine whether a roof-mounted antenna or other  
network equipment can be deployed at the premises to provide  
11 service;

12 Step 3: determine whether adjustments at the nearest cell site  
can be made to provide service;

13 Step 4: determine whether a cell-extender or repeater can be  
employed to provide service;

14 Step 5: determine whether there are any other adjustments to  
15 network or customer facilities that can be made to provide service;

16 Step 6: explore the possibility of offering the resold services of  
carriers with facilities available to that location; and

17 Step 7: determine whether an additional cell site can be  
18 constructed to provide service, and evaluate the costs and  
benefits of using scarce high-cost support to serve the number of  
19 customers requesting service.

20 Order U-02-39(10), *Order Granting Eligible Telecommunications Carrier Status*  
and *Requiring Filings*, dated August 28, 2003, at 8-9 and Order U-04-110, *Order*  
21 *Granting Eligible Telecommunications Carrier Status and Requiring Filings*, dated  
November 18, 2005, at 6.

22 Docket U-02-39 is *In the Matter of the Request by ALASKA DIGITEL, LLC for*  
23 *Designation as a Carrier Eligible to Receive Federal Universal Service Support Under*  
*the Telecommunications Act of 1996.*

24 Docket U-04-110 is *In the Matter of the Request by ALASKA DIGITEL, LLC for*  
25 *Designation as an Eligible Telecommunications Carrier in Areas Served by ACS of*  
*Anchorage, Inc. d/b/a Alaska Communications Systems, ACS Local Service, and ACS.*  
26

1 upon reasonable request, throughout its proposed service areas, including areas where  
2 it does not currently have facilities.<sup>35</sup> In addition, Dobson stated that it will notify us if it  
3 cannot provide service without constructing a new cell site and will include the  
4 estimated cost of construction, its position on whether the request for service is  
5 reasonable, and its determination of whether high-cost funds should be expended on  
6 the request.<sup>36</sup> Further, Dobson also committed to comply with the Cellular  
7 Telecommunications Industry Association Consumer Code for Wireless Service (CTIA  
8 Consumer Code).<sup>37</sup> Dobson stated that it has implemented a Recovery Action Plan for  
9 each of its network mobile switching centers and deployed backup equipment to ensure  
10 continuous quality service to its customers.

11 We find this is a reasonable strategy for providing service throughout the  
12 study areas. We require Dobson to report to us if it cannot provide service without  
13 constructing a new cell site. Dobson should inform us of the estimated cost of  
14 construction, its position on whether the request for service is reasonable, and whether  
15 high-cost funds should be expended on the request. We imposed a similar requirement  
16 on Alaska DigiTel in Docket U-02-39 and on Matanuska-Kenai, Inc. d/b/a MTA Wireless

17  
18 <sup>35</sup>Application at 10-12.

19 <sup>36</sup>*Id.*

20 <sup>37</sup>Application at 4. CTIA, Consumer Code for Wireless Service, available at  
21 [http://www.wow-com.com/wireless\\_consumers/consumer\\_code/](http://www.wow-com.com/wireless_consumers/consumer_code/). Under the CTIA  
22 Consumer Code, wireless carriers agree to: (1) disclose rates and terms of service to  
23 customers; (2) make available maps showing where service is generally available; (3)  
24 provide contract terms to customers and confirm changes in service; (4) allow a trial  
25 period for new service; (5) provide specific disclosures in advertising; (6) separately  
26 identify carrier charges from taxes on billing statements; (7) provide customers the right  
to terminate service for changes to contract terms; (8) provide ready access to customer  
service; (9) promptly respond to consumer inquiries and complaints received from  
government agencies; and (10) abide by policies for protection of consumer privacy.

1 in Docket U-03-86.<sup>38</sup> We will address any Dobson requests to deny service on a case-  
2 by-case basis. If Dobson unreasonably fails to serve customers throughout its  
3 designated service area, we would have cause to revoke its ETC status.

4 Although we find that Dobson has generally demonstrated that it would be  
5 capable of providing the nine basic services, we conclude that two of these services,  
6 access to emergency services and Lifeline and Link Up services, warrant further  
7 discussion.

8 Emergency Services

9 The FCC provided deployment deadlines to wireless carriers in  
10 implementing Phase II enhanced 911 (E911) services in the *Non-Nationwide Carriers*  
11 *Order* and reporting requirements for Tier III carriers.<sup>39</sup> The *Non-Nationwide Carriers*  
12 *Order* requires that carriers who employ network-based location technology shall  
13 provide Phase II enhanced service to at least 50 percent of the coverage area of the  
14 Public Safety Answering Point (PSAP) by March 1, 2003; and to 100 percent of the  
15 PSAP's coverage area by March 1, 2004.

16 Dobson utilizes network-based E911 location technology. Dobson stated  
17 that it is currently providing access to basic 911 service to all of its customers and is  
18 compliant with the FCC's requirements for deployment of E911 services.<sup>40</sup> Dobson

19  
20 <sup>38</sup>See Order U-02-39(10) at 9 and Order U-03-86(3), *Order Approving Application*  
21 *for ETC Status, Requiring Filings, and Closing Docket*, dated December 8, 2004, at 6.

22 Docket U-03-86 is *In the Matter of the Request by MATANUSKA-KENAI, INC.,*  
23 *d/b/a MTA WIRELESS, for Designation as a Carrier Eligible to Receive Federal*  
24 *Universal Service Support Under Telecommunications Act of 1996.*

25 <sup>39</sup>See *Revision of the Commission's Rules to Ensure Compatibility with*  
26 *Enhanced 911 Emergency Calling Systems, Phase II Compliance Deadlines for*  
*Non-Nationwide Carriers*, CC Docket No. 94-102, *Order to Stay (Non-Nationwide*  
*Carriers Order)*, FCC 02-210, (rel. July 26, 2002), at 13, ¶ 34.

<sup>40</sup>Application at 27.

1 asserted that it is currently delivering Phase I and Phase II call data to a PSAP in  
2 Anchorage. Dobson stated that it is committed to working with other PSAPs in the  
3 deployment of E911 service in other areas. We find that Dobson has demonstrated its  
4 ability to meet the emergency services requirement associated with ETC status.

5 Lifeline and Link Up Services

6 Dobson committed to provide Lifeline and Link Up services. Dobson  
7 stated that for its qualified customers, it will offer a basic Lifeline rate of one dollar and  
8 Link Up customers will receive a credit of \$15 for the service activation charge, plus an  
9 additional credit of up to \$70 to cover 100 percent of the service activation charges  
10 between \$60 and \$130 if any.<sup>41</sup> Dobson stated it will use our eligibility criteria provided  
11 in 3 AAC 53.390(a)-(b) as a means test to offering Lifeline and Link Up assistance to  
12 customers.<sup>42</sup> Also, Dobson stated that it will comply with our certification requirements  
13 as established in 3 AAC 53.390(c)-(h) to ensure that eligibility requirements are met.<sup>43</sup>

14 Dobson stated that it will not seek to receive support from the Alaska  
15 Universal Service Fund (AUSF) should it be designated as an ETC.<sup>44</sup> Dobson stated  
16 that under 47 C.F.R. § 54.403 requirements, it will provide \$33.25 discount to Lifeline  
17 customers.<sup>45</sup> In addition, Dobson indicated that it will provide an additional \$5 discount  
18 off of the \$35 base rate to its Lifeline customers. To reduce the base rate for Lifeline  
19  
20

21 <sup>41</sup>Application at 25.

22 <sup>42</sup>*Id.* at 25-26.

23 <sup>43</sup>See 3 AAC 53.390; adopted by Order R-03-6(5), *Order Adopting Regulations*,  
dated December 17, 2004. Docket R-03-6 is *In the Matter of Proposed Regulations*  
24 *Implementing Lifeline and Link Up Eligibility Policies*.

25 <sup>44</sup>Application at 1.

26 <sup>45</sup>\$6.50 "Tier 1," \$1.75 "Tier 2," and \$25 "Tier 4" discounts.

1 customers to \$1, Dobson stated that it will provide an additional \$0.50 discount<sup>46</sup> which  
2 is, in turn, eligible for a \$0.25 "Tier 3" federal matching support. Dobson asserted that  
3 its voluntary contributions will have the same intended effect as the AUSF to maximize  
4 the amount of federal "Tier 3" matching support available to a Lifeline customer.  
5 Dobson also indicated that the costs incurred by the AUSF administrator and itself in  
6 administering the state USF may exceed the benefit of Dobson's receipt of state  
7 universal service funds. However, Dobson clarified that it will comply if we require  
8 Dobson to receive support from the AUSF.<sup>47</sup>

9 Public Interest Determination

10 In its *Virginia Cellular* Order, the FCC stated:

11 [T]he value of increased competition, by itself, is not sufficient to satisfy the  
12 public interest test in rural areas. Instead, in determining whether  
13 designation of a competitive ETC in a rural telephone company's service  
14 area is in the public interest, we weigh numerous factors, including the  
15 benefits of increased competitive choice, the impact of multiple designations  
16 on the universal service fund, the unique advantages and disadvantages of  
the competitor's service offering, any commitments made regarding quality of  
telephone service provided by competing providers, and the competitive  
ETC's ability to provide the supported services throughout the designated  
service area within a reasonable time frame."<sup>48</sup>

17 We agree with the FCC that evaluation of the public interest requires  
18 review of a variety of factors and cannot simply rest on "increased competition."

19 Dobson stated that its designation as an ETC will benefit consumers  
20 because it will provide more choices for consumers and will improve service quality and  
21

22 <sup>46</sup>Additional discounts are provided to tribal land areas - 47 C.F.R. 54.403(b).

23 <sup>47</sup>Supplemental Information, at 3-5.

24 <sup>48</sup>*Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition*  
25 *for Designation as an Eligible Telecommunications Carrier in the Commonwealth of*  
26 *Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, FCC 03-338, rel.  
January 22, 2004 (*Virginia Cellular*).

1 public safety. Dobson asserted that it offers the most advanced available array of  
2 wireless services, utilizing both Time Division Multiple Access (TDMA) and Global  
3 System for Mobile Communications (GSM), General Packet Radio Service (GPRS), and  
4 Enhanced Data rate for GSM Environment (EDGE) wireless technologies which allow  
5 high speed data functions including wireless email and internet access. Dobson  
6 contended that its service offerings will also provide other benefits including reduced  
7 long distance rates; larger local calling areas than the incumbents LECs; and 24-hour  
8 customer service.

9 Dobson states that our granting its ETC application will improve the ability  
10 of customers, especially those in rural and high-cost areas, to obtain wireless services  
11 and provide customers more choices for meeting their communications needs.<sup>49</sup> Low-  
12 income customers who otherwise would be unable to afford wireless service will be able  
13 to obtain service using the Lifeline and Link Up discounts. Although Dobson did not  
14 offer a rate plan based on receipt of universal service support, it did, however, provide  
15 its current basic rate plans with local usage which provides an amount of minutes of use  
16 of exchange service free of charge to end users.<sup>50</sup>

17 The mobility of Dobson's service also serves the public interest. Although  
18 mobility is not one of the supported services, it is a convenience to the public. Mobile  
19 service provides critical access to health and safety services whether customers are at  
20 home or away from home.

21 Dobson commits to report the number of consumer complaints per 1,000  
22 handsets on an annual basis. We do not currently regulate the quality of service by  
23 Dobson, and we do not have sufficient evidence to define quality of service standards

24 <sup>49</sup>Application at 16.

25 <sup>50</sup>Supplemental Information, *Supplemental Exhibit 7*.



1 for wireless carriers. However, if we receive customer complaints, we may examine  
2 whether Dobson is meeting its ETC obligations throughout the service area. We may  
3 also consider ETC service quality in a regulations docket upon petition or on our own  
4 motion.

5 Dobson asserted that ETC designation would allow it to accomplish its  
6 build-out and service improvement plans. Dobson provided a list of projects for the first  
7 five years of receipt of universal service fund.<sup>51</sup> The projects include cell site  
8 constructions in the proposed service areas and an upgrade and expansion of network  
9 equipment. Such expansion of facilities may improve service quality which would also  
10 be in the public service.

#### 11 Advertising Services

12 Section 214(e)(1)(B) of the Act requires an ETC to advertise the  
13 availability of the nine basic services, including Link Up and Lifeline, and the charges for  
14 the services using "media of general distribution." Dobson stated that it will advertise  
15 the availability of each of the supported services throughout its proposed ETC service  
16 area.<sup>52</sup>

17 When designating a carrier as an ETC, we require it to meet minimum  
18 advertising requirements to ensure appropriate and sufficient customer notification of its  
19 services. Therefore, we require Dobson to advertise its services as follows:<sup>53</sup>

- 20 1. once every two years, perform community outreach through appropriate  
21 community agencies by notifying those agencies of Dobson's available  
22 services;

---

23 <sup>51</sup>Application, Ex. 4.

24 <sup>52</sup>Application at 8-10.

25 <sup>53</sup>"Services" refer to those services for which Dobson receives universal service  
26 support. Dobson need not advertise nonsupported services.

1 2. once every two years, post a list of its services on a school or  
2 community center bulletin board in each of the utility's exchanges;

3 3. once a year, provide a bill stuffer indicating its available services; and

4 4. once a year, advertise its services through the newspaper circulated in  
the locations served by Dobson.

5 We also require Dobson to file an affidavit detailing its compliance with the  
6 above minimum advertising requirements.

7 We find that granting ETC status to Dobson is in the public interest. We  
8 conclude that Dobson adequately demonstrated that it met all other criteria necessary to  
9 allow award of ETC status. We, therefore, approve Dobson's request for ETC status,  
10 and we set out the following conditions.

11 Conditions on ETC Status

12 Annual Certification

13 We monitor the continued appropriate use of universal service funding in  
14 our rural markets by requiring annual certification by all designated ETCs. Accordingly,  
15 we require Dobson to file the same information required of all other rural ETCs in Alaska  
16 through our annual use-of-funds certification process. Dobson has committed to comply  
17 with the certification requirements.<sup>54</sup>

18 Build-out Plans

19 Dobson provided its build-out and service improvement plans in its  
20 proposed service areas. Dobson stated that its build-out and service improvement  
21 plans will be made possible by the receipt of federal high-cost universal service support.  
22 Dobson has committed to provide on an ongoing basis any adjustments to its proposed  
23

24  
25 <sup>54</sup>Application at 24.  
26

1 construction schedule.<sup>55</sup> We will monitor Dobson's progress in its network expansion  
2 and upgrade based on the build-out schedule provided by Dobson.

3 FCC ETC Designation

4 In the FCC Order,<sup>56</sup> the FCC established additional minimum eligibility  
5 requirements for a telecommunications carrier to be designated as an ETC by the FCC  
6 when a state lacked authority to make the ETC designation. The FCC stated that in  
7 evaluating an ETC designation, the FCC would require the ETC applicant to submit,  
8 among other things, a formal network improvement plan that demonstrates how  
9 universal service funds will be used to improve its service coverage, signal strength, or  
10 capacity.<sup>57</sup> The FCC stated that an ETC applicant should demonstrate its ability to  
11 remain functional in emergency situations, show that it offers a local usage plan  
12 comparable to the one offered by the ILEC in the service area, and acknowledge that it  
13 may be required to provide equal access if all other ETCs in the designated service  
14 area relinquish their designations pursuant to section 214(e)(4) of the Act. In addition,  
15 the FCC set the analytical framework it will use to determine whether the public interest  
16 would be served by the applicant's ETC designation. Further, the FCC required  
17 designated ETCs to comply with the annual certification and reporting requirements.<sup>58</sup>

18 We find merit in many of the FCC's requirements for reviewing and  
19 granting requests for ETC designation. However, we will not impose the new standards  
20 from the FCC Order at this time but address those issues in a separate rulemaking  
21 docket that would apply to all ETCs.

22 <sup>55</sup>Application, Ex.4 at 6.

23 <sup>56</sup>See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45,  
24 *Report and Order*, FCC 05-46, rel. March 17, 2005 at ¶ 20 - ¶ 36 (FCC Order).

25 <sup>57</sup>FCC Order at ¶ 21.

26 <sup>58</sup>FCC Order at ¶¶ 68-72.

1 This Order constitutes the final decision in this phase of the proceeding.  
2 This decision may be appealed within thirty days of the date of this Order in accordance  
3 with AS 22.10.020(d) and the Alaska Rules of Court, Rule of Appellate Procedure  
4 (Ak. R. App. P.) 602(a)(2). In addition to the appellate rights afforded by  
5 AS 22.10.020(d), a party has the right to file a petition for reconsideration as permitted  
6 by 3 AAC 48.105. If such a petition is filed, the time period for filing an appeal is then  
7 calculated under Ak. R. App. P. 602(a)(2).

8 **ORDER**

9 **THE COMMISSION FURTHER ORDERS:**

10 1. The application filed by Dobson Cellular systems, Inc., for  
11 designation as a carrier eligible to receive federal universal service support under the  
12 Telecommunications Act of 1996 in the study areas of ACS of Alaska, Inc. d/b/a Alaska  
13 Communications Systems, ACS Local Service, and ACS for its Greatland study area;  
14 ACS of Alaska, Inc. d/b/a Alaska Communications Systems, ACS Local Service, and  
15 ACS for its Juneau study area; ACS of Anchorage, Inc. d/b/a Alaska Communications  
16 Systems, ACS Local Service, and ACS, ACS of Fairbanks, Inc. d/b/a Alaska  
17 Communications Systems, ACS Local Service, and ACS; ACS of the Northland, Inc.  
18 d/b/a Alaska Communications Systems, ACS Local Service, and ACS for its Glacier  
19 State study area; Alaska Telephone Company; Copper Valley Telephone Cooperative,  
20 Inc.; City of Ketchikan; and Matanuska Telephone Association, Inc., is approved.

21 2. By 4 p.m., February 24, 2006, Dobson Cellular Systems, Inc. shall  
22 file certification, supported by an affidavit, demonstrating that it will advertise its services  
23 as specified in the body of this order.

24 3. Dobson Cellular Systems, Inc. shall file as if it were a regulated  
25 carrier in response to our requests for information for the annual use-of-funds  
26 certification to the Federal Communications Commission.

1                   4.     The electronic ruling extending the comment period to July 13, 2005,  
2 issued on July 5, 2005, is affirmed.

3 DATED AND EFFECTIVE at Anchorage, Alaska, this 25th day of January, 2006.

4                               BY DIRECTION OF THE COMMISSION  
5                               (Commissioners Dave Harbour and James S. Strandberg,  
6                               not participating.)  
7  
8

9 (SEAL)  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26